

## Message Text

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INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 EB-11 SS-20 NSC-10 OMB-01 H-03 COME-00 ACDA-19

DRC-01 /146 W

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R 212205Z NOV 73

FM USMISSION NATO

TO SECSTATE WASHDC 2821

SECDEF WASHDC

INFO ALL NATO CAPITALS 3471

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 5641

E.O. 11652: GDS79

TAGS: MCAP, NATO

SUBJECT: BURDENSARING: NAC DISCUSSION NOV 21

REFS: A. STATE 228640

B. USNATO 5546

C. USNATO 5547

BEGIN SUMMARY. LUNS REMINDED COUNCIL OF REQUIREMENT OF MID-FEBRUARY PROGRESS REPORT UNDER JACKSON-NUNN AMENDMENT WHICH IS NOW LAW. US PUSH FOR SUBSTANTIVE PROGRESS IN TIME FOR REPORT TO MINISTERS IN DECEMBER WAS MET BY FOOT-DRAGGING REACTION ON THE PART OF THE NETHERLANDS. US DROVE HOME POINT THAT DILATORY TACTICS BY OUR EUROPEAN PARTNERS CAN ONLY JEOPARDIZE THE EXERCISE. SYG IS TO CIRCULATE REVISED VERSION OF PO/73/147 DRAFT DIRECTIVE, REFERRING PROPOSED REDUCTIONS IN US COST SHARES TO RESPECTIVE COMMITTEES. REVISED PO WILL BE CONSIDERED BY NAC AT 28 NOVEMBER MEETING. END SUMMARY.

1. CHAIRMAN LUNS REMINDED COUNCIL THAT PRESIDENT NIXON SIGNED THE DEFENSE PROCURMENT BILL INTO LAW WITH THE JACKSON-NUNN AMENDMENT THERETO CALLING FOR A PROGRESS REPORT WITHIN CONFIDENTIAL

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THREE MONTHS OF ENACTMENT OR BY MID-FEBRUARY. THE CHAIR STATED THAT THE COUNCIL SHOULD KEEP THE STUDY GROUP REPORT ON THE NAC AGENDA AS A REGULAR ITEM FROM HERE ON.

2. KRAH (FRG) INFORMED THE COUNCIL THAT THE FRG UNDERTOOK TO ADVISE THE COUNCIL OF THE RESULTS OF THE US-FRG OFFSET NEGOTIATIONS, BUT NOT TO REPORT TO THE COUNCIL ON PROGRESS IN THOSE NEGOTIATIONS.

3. THE CHAIR POSED THE QUESTION OF WHAT THE COUNCIL SHOULD SAY TO MINISTERS AND TO THE PUBLIC WHEN THE MINISTERS MEET IN DECEMBER, AND RESPONDED THAT ALL COUNTRIES HAD EXPRESSED WILLINGNESS TO HELP THE US IN RESOLVING ITS PROBLEM INsofar AS IT LIES WITHIN THEIR POWER TO DO SO. LUNS STATED THAT EURO-GROUP WOULD HAVE THE UNIQUE ROLE OF ORGANIZING A UNIFIED RESPONSE TO THE AMERICAN REQUEST.

4. SVART (DENMARK), IN APPARENT REFERENCE TO EARLIER ANNOUNCEMENT THAT DENMARK QTE HAD RECENTLY SIGNED CONTRACTS FOR US MILITARY GOODS FOR \$75 MILLION UNQTE (SEE PARA 10, USNATO 5546) STATED THAT THERE WAS A POSSIBILITY OF SEVERAL NEW IMPORTANT PURCHASES BEING MADE IN THE US, BUT THAT THIS WAS NOT A FIRM COMMITMENT.

5. RUMSFELD (US) INDICATED THAT US SHARES THE VIEW THAT REVIEW BY THE COGNIZANT BUDGET COMMITTEES IS IN ORDER, BUT CONSIDERS THAT THE COUNCIL SHOULD DIRECT A SIGNIFICANT REDUCTION IN US COST SHARES. HE INDICATED THAT SPECIFIC SUGGESTIONS AS TO A RANGE OF REDUCTIONS HAD BEEN PROVIDED (SEE USNATO 5547), AND STATED THAT COUNCIL GUIDANCE TO THE INFRASTRUCTURE COMMITTEE SHOULD BE TO ATTEMPT TO DEVELOP A FORMULA UNDER WHICH THE US SHARE WOULD BE NO GREATER THAN NOW EXISTS WHEN THE EDIP CONTRIBUTION TO NORMAL INFRASTRUCTURE IS TAKEN INTO ACCOUNT (STATE 228640) RUMSFELD INDICATED THAT IT IS US HOPE THAT THESE REDUCTIONS COULD BE AGREED IN TIME TO BE REPORTED TO MINISTERS IN DECEMBER FOR IMPLEMENTATION ON 1 JANUARY 1974, AND THAT IT WOULD THEREFORE BE NECESSARY TO REQUIRE COMMITTEES TO REPORT WITHIN ONE WEEK. HE STATED THAT DECLARATION OF GOOD INTENTIONS IS NICE, BUT THAT US WOULD LIKE TO HAVE SOMETHING MORE SUBSTANTIAL.

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6. DE STAERCKE (BELGIUM) AGREED THAT TECHNICAL STUDY BY COMMITTEES SHOULD START WITH INSTRUCTIONS FOR THEM TO EXAMINE A RANGE OF US REDUCTIONS, I.E., 30, 40, AND 50 PCT, BUT THAT THIS WOULD BE WITHOUT ANY COMMITMENT ON THE PART OF COUNTRIES. HE SAID THAT EXAMINATION SHOULD BEGIN WITH 30 PCT. DE STAERCKE AGREED THAT WE MUST PROVIDE MORE THAN QTE GOOD INTENTIONS UNQTE AND INDICATED THAT SINCE NATO APPEARS TO BE INCAPABLE OF FINDING MULTILATERAL SOLUTIONS, AT LEAST EACH COUNTRY SHOULD COME UP WITH ITS PLANS TO OFFSET BILATERALLY.

7. BUWALDA (NETHERLANDS) STATED THAT NETHERLANDS WOULD REGRET BILATERAL SOLUTION AND CHARACTERIZED IT AS SOLUTION POSING GREATEST DIFFICULTIES. HE STATED THAT THE NETHERLANDS

WOULD PREFER A MULTILATERAL SOLUTION. BUWALDA, AFTER INDICATING NETHERLANDS READINESS TO CONCUR IN PO/73/147, EXPRESSED DIS-APPOINTMENT IN US STATEMENT. SPECIFICALLY, HE DID NOT SEE HOW THERE COULD BE 1 JANUARY 1974 IMPLEMENTATION OF ANY REVISION IN INFRASTRUCTURE COST SHARE, AND SAID THAT ANY EFFORT TO FORCE SUCH EARLY IMPLEMENTATION COULD ONLY RESULT IN A REDUCED PROGRAM. HE TRIED TO EXTEND THE SAME ARGUMENT ON TIMING TO THE OTHER NATO BUDGETS. BUWALDA INTONED THAT THE PRESENT COST SHARING FORMULAE REPRESENT A DELICATE BALANCE WHICH HAS BEEN ACHIEVED OVER THE YEARS, AND THAT THE US DESIRE FOR RAPID IMPLEMENTATION COULD RISK DESTROYING THAT BALANCE FOR QTE ONLY A FEW MILLION DOLLARS. UNQTE.

8. RUMSFELD TOOK STRONG ISSUE WITH NETHERLANDS DELAYING TACTICS AND INDICATED THAT ALTHOUGH THE POLITICAL DECISION TO AGREE ON NEW COST SHARING FORMULA MIGHT REQUIRE SOME DELAY, HE WAS UNABLE TO COMPREHEND HOW ARITHMETIC TASK OF COMMITTEE TECHNICIANS COULD REQUIRE MORE THAN A WEEK'S TIME.

9. LUNS INDICATED THAT THE LAST MODIFICATION OF THE INFRASTRUCTURE COST SHARING FORMULA TOOK 18 MONTHS, AND HE DOUBTED THAT THE NATO COST SHARING PROBLEM CAN BE SOLVED IN TIME FOR THE MINISTERS' MEETING IN DECEMBER.

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10. DE STAERCKE SAID THAT COUNCIL SHOULD REPORT TO MINISTERS THAT THE STUDIES ARE UNDERWAY AND THAT THE COMMITTEES SHOULD TAKE THE RANGE OF PERCENTAGE REDUCTIONS AND DISTRIBUTE THEM PRO RATA. HE STATED THAT THE TECHNICAL JOB IS EASY COMPARED TO THE POLITICAL ONE, AND PROPOSED THAT A FEBRUARY DEADLINE BE SET FOR THE COMMITTEES TO REPORT TO THE COUNCIL.

11. RUMSFELD REITERATED THAT THE WORK OF THE COMMITTEES CANNOT TAKE TWO MONTHS AND THAT AN ATTEMPT SHOULD BE MADE FOR THEM TO RESPOND EARLIER.

12. LUNS CONCLUDED THAT HE WOULD CIRCULATE A REVISED DRAFT DIRECTIVE TAKING INTO ACCOUNT THE BELGIAN POSITION. US IDEAS, AND SOMETHING OF THE NETHERLANDS INTERVENTION, AND THAT THE REVISION OF PO/73/147 WILL BE BEFORE THE COUNCIL NEXT WEEK.

13. AFTER THE MEETING, LUNS APPROACHED RUMSFELD AND SAID THAT THE THOUGHT THAT RUMSFELD'S VIGOROUS RESPONSE TO BUWALDA COULD HAVE SALUTARY EFFECT AND WOULD PERHAPS SHAKE SOME COUNCIL MEMBERS OF THEIR LETHARGY ON THIS MATTER.

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